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LAC-IEE-07-38

ENVIRONMENTAL THRESHOLD DECISION

Activity Location:	Dominican Republic
Activity Title:	Economic Growth
Activity Number:	517-008
Life-of-Activity Funding:	\$90 million
Life-of-Activity:	FY 2007 – FY 2012
IEE prepared by:	Michael Donald, REA USAID/DR
Reference ETDs:	LAC-IEE-02-24, LAC-IEE-05-11
Recommended Threshold Decision:	Categorical Exclusion; Negative Determination with Conditions Deferral
Bureau Threshold Decision:	Categorical Exclusion; Negative Determination with Conditions Deferral

Comments:

A **Categorical Exclusion** is issued to the following Economic Growth components –:

I Effective CAFTA-DR Implementation (GBTI II)

- A. Trade Policy
- B. Environmental Policy

II Increased Small Business Growth for Less Advantaged in an Environmentally Sustainable Manner (RAISE and GSTA)

Illustrative Activities:

Raise IQC

- Cluster institutional Strengthening
- Provide commodity-specific assistance and market intelligence services

GSTA Cooperative Agreement

- Fostering partnerships in tourist regions and national parks to enhance sustainable tourism and biodiversity protection

III Improved Quality of Public Primary Education

Illustrative Activities:

- Teacher Training: Math and Spanish Language Training in target schools and throughout the Dominican public primary school system.
- Improved School Governance to Promote Educational Quality: School principal and parent teacher association training in target schools and throughout the Dominican public primary school system.
- Reduced number of Out-of-School Youth in Target Communities: Innovative education intervention models for out-of-school youth to encourage vulnerable populations to stay in school and achieve academically.

– pursuant to Section 216.2(c)-(2)(i, iii, v, and xiv) of 22 CFR as (1) "Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)"; (2) "Analyses, studies, academic or research workshops and meetings"; (3) "Document and information transfers"; and (4) "Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc.)."

A **Negative Determination with Conditions** is issued to following Economic Growth components:

II Increased Small Business Growth for Less Advantaged in an Environmentally Sustainable Manner (RAISE and GSTA)

Illustrative Activities:

Raise IQC

- Provide a systematic, market-driven technical support structure (including assistance in green house technologies)
- Help obtain financial assistance, including strategic infrastructure investments
- Rural diversification small grants to enhance agricultural market opportunities

- Development Credit Authority (DCA) agreements to expand clean agricultural production investments

GSTA Cooperative Agreement

- Small grants for environmentally-friendly sustainable tourism investments
- Development Credit Authority (DCA) agreements to expand environmentally-friendly sustainable tourism investments

III Improved Quality of Public Primary Education

Illustrative Activities:

- Small scale school building renovation.

The implementing partner(s) for the above components are responsible for using the attached Environmental Screening for all of the above activities and providing USAID/Dominican Republic with an Environmental Mitigation Report (EMR) for projects falling under the Negative Determination with Conditions threshold decision. The EMR process is attached. The implementing partner shall ensure that appropriate environmental guidelines are followed, that mitigation measures described in this Threshold Decision for each of these activities are funded and implemented, including any necessary training or capacity building, and adequate monitoring.

A **Deferral** is issued to any Economic Growth components or activities involving the purchase, use or training in the use of pesticides, for which an amendment will be required, pursuant to USAID's Pesticide Procedures 22 CFR 216.3(b)(1)(i)(a-1). An amendment is also required for any activity resulting in policy changes that have the potential to negatively affect the environment. Large scale irrigation and other activities not yet designed and therefore not described in this document are also deferred.

Conditions also include:

Responsibilities:


- Each activity manager or **Cognizant Technical Officer (CTO)** is responsible for making sure environmental conditions are met (ADS 204.3.4). In addition, CTOs are responsible for ensuring that appropriate environmental guidelines are followed, mitigation measures in the IEE are funded and implemented, and that adequate monitoring and evaluation protocols are in place to ensure implementation of mitigation measures.
- It is the responsibility of the **Strategic Objective (SO) Team** to ensure that environmental compliance language from the ETD is added to procurement and obligating documents, such as activity-related Strategic Objective Grant Agreements (SOAGs) and Modified Acquisition and Assistance Request Documents (MAARDs).
- The **Mission Environmental Officer** will conduct spot checks to ensure that conditions in the IEE and this ETD are met. These evaluations will review whether guidelines are properly

used to implement activities under this ETD in an environmentally sound and sustainable manner according to USAID and applicable U.S. Government policies and regulations.

- The implementing **contractor or partner** will ensure that all activities conducted under this instrument comply with this ETD. Also, *through its regular reporting requirements, a section on environmental compliance (e.g. environmental conditions, mitigation and monitoring results) will be included.*

Amendments

- Amendments to Initial Environmental Examinations (IEE) or Requests for Categorical Exclusion (RCE) shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE or RCE, which include:
 - Funding level increase beyond ETD amount,
 - Time period extension beyond ETD dates (even for no cost extension), or
 - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment, introduction of exotic species), among others.
- Amendments to IEEs that include Environmental Assessments (EA) and approval of these documents by the LAC BEO could require an annual evaluation for environmental compliance.
- Amendments are also required for the use or procurement of pesticides and require approval by the LAC BEO. Approval is valid only for the pesticides evaluated; use of additional pesticides would require another amendment to the IEE.

 *for* Date 7-16-07
Victor H Bullen
Bureau Environmental Officer
Bureau for Latin America & the Caribbean

Copy to:

Richard Goughnour, USAID/Dominican
Republic Mission Director
Duty Greene, EOT
Shirley Hoffmann, PDO
Odalis Perez, MEO
Michael Donald, REA

Copy to:

Dan Riley, Patricia Alexander LAC/CAR

Copy to:

IEE File

Attachments:

- IEE USAID/DR Economic Growth

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GUIDELINES FOR IMPLEMENTING PARTNERS ON THE USAID ENVIRONMENTAL MITIGATION REPORT (EMR)

May 24, 2007

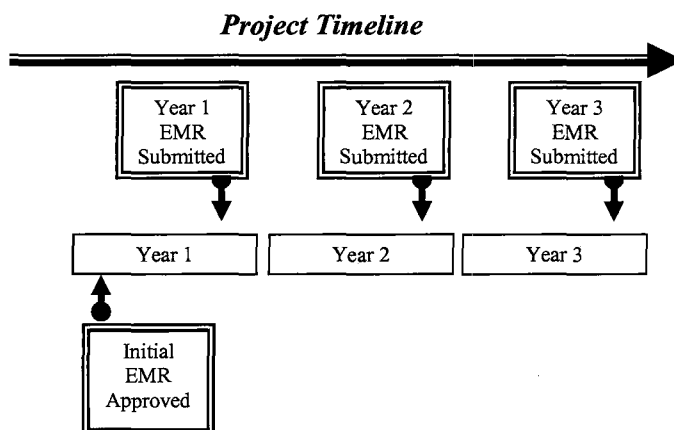
I. BACKGROUND

All projects funded by USAID must conform to US environmental regulations (22 CFR 216) requiring evaluation to ensure that no adverse environmental impacts result from the projects that cannot be mitigated. The Environmental Mitigation Report (EMR), so described by these guidelines, ensure programmatic compliance with 22 CFR 216 by meeting the conditions specified in the applicable Environmental Threshold Decisions (ETD) authorized by the LAC Bureau Environmental Officer (BEO).

Programs implemented by USAID Dominican Republic implementing partners (IPs) include in a large range of discrete activities under an award that could have a risk for adverse environmental impact. These discrete activities are not specified in the program solicitation so as to permit flexibility for innovative and entrepreneurial approaches by the IP based upon the needs of the targeted communities. In response to the lack of specificity in the solicitation, this EMR procedure will provide an approach for both the screening for environmental risk as well as a mitigation plan.

The IP program manager can work with the USAID Dominican Republic Mission Environment Officer (MEO) to ensure impacts are sufficiently identified and to suggested mitigation actions.

Figure 1. Timeline of Reporting Requirement for Environmental Mitigation



Timing of Reporting Requirements

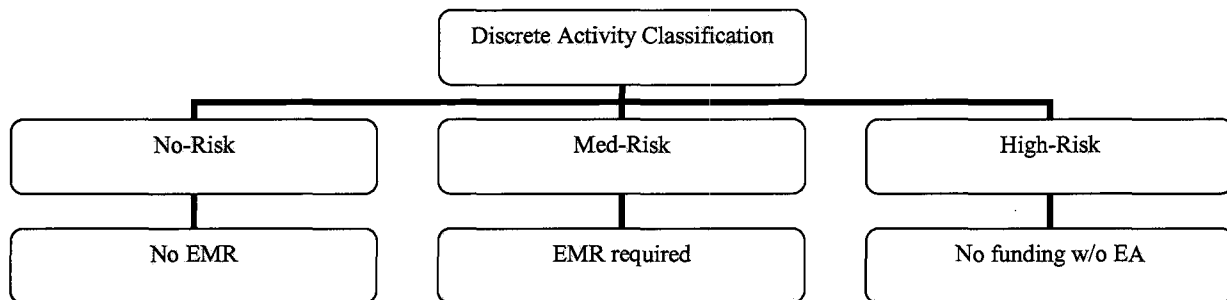
Once the implementing partner is chosen, the reporting requirements include A) an initial EMR approved by the CTO and MEO outlining a mitigation plan over the project life, and B) an annual EMR(s) describing the mitigation status (Figure 1). The report should not exceed ten pages (excluding annexes) and be timed with the regular reporting requirements in order to be included in the AID annual reporting cycle.

II. Initial Environmental Mitigation Report

1. Classification of Level of Risk

Components of a program or discrete activities under an award can have varying level of risk for environmental damage and therefore required different courses of action (Figure 2). No-risk activities, classified under “i” below, do not require the EMR as they are already addressed under a “categorical exclusion” determination in the applicable Environmental Threshold Decision. High-risk activities (“ii”) will have significant environmental impacts that will require an Environmental Assessment (EA) contracted through the IP with MEO consultation with final approval by the LAC Bureau Environmental Officer. Such activities are not to be avoided if they meet a crucial need of the community (e.g., solid waste disposal facility, municipal-scale waste water treatment plant). Medium-risk activities (“iii”) will require the IP to screen environmental impacts and plan for mitigation of adverse environmental impacts. *It is to these medium-risk activities that this EMR guidance primarily applies.*

Figure 2. Schematic of required action based on the level of risk of a component or discrete activity under an award.



i. Discrete Activities that Do Not Require Mitigation Plans (No-Risk):

An illustrative list of no-risk discrete activities where no mitigation reporting is required includes:

- Education or training*, unless it implements or leads to implementation of actions that impacts the environment (such as construction of schools),
- Community awareness initiatives,
- Controlled research/demonstration projects in a small area,
- Technical studies or assistance,
- Information transfers.

If there is a risk that the actual *implementation* of materials learned in training could adversely impact the environment (e.g., training on agricultural techniques), the training is expected to include an analysis of environmental impacts and mitigation planning as part of the curriculum.

ii. Discrete Activities that Cannot be Supported using this EMR Process (High-Risk):

Under the environmental regulations of USAID, if there is a discrete activity which is considered critical to the needs of the community that may have a significant environmental impact, such activities will require an Environmental Assessment. In the case of pesticide use a Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) will need to be prepared by the partner and approved by the LAC BEO. Such activities include but are not limited to:

- Agricultural, livestock introduction or other activities that involve forest conversion,
- Resettlement of human population,
- Large water management systems such as dams or impoundments,
- Drainage of wetlands,
- Introduction of exotic plants or animals,
- Permanent modification of the habitat supporting an endangered species,
- Industrial level plant production or processing (this does not include community or regional plant nurseries aimed at restoring areas after fires),
- Installation of aquaculture systems in sensitive lakes, marine waters (not land-based fish ponds),
- Procurement of timber harvesting equipment, including chainsaws,
- Use of pesticides (insecticides, herbicides, acaricides, fungicides),
- Large scale construction in un-degraded land,
- Large scale new construction involving permanent living quarters and/or sanitation facilities,
- Cutting of trees over 20 cm diameter breast height, especially tropical trees, except as needed to control disease or maintain forest health.
- Construction on new roads or upgrading/maintenance of extensive road, fire break or trail systems through un-degraded forest land or natural habitats.

iii. Discrete Activities that can be Supported if Mitigation Measures are Planned and Implemented (Medium-Risk):

Many discrete activities under an agreement will fall between the two extremes mentioned above and offer some adverse environmental impact that can be mitigated with proper planning. For these activities the IP will be responsible for completing the EMR described herein initially and on an annual basis, as specified in the RFP and contract agreement with the IP. Funding will depend on proof that the project is taking the most environmentally sound approach and that IPs are aware and planning for the potential impacts.

2. Sector-Specific Environmental Screening Form

For medium-risk discrete activities, the IP will be responsible for completing the EMR on an annual basis. First, the IP must submit an initial EMR at the project planning stage. The initial

EMR will include project-specific information on discrete activities as outlined in the “Environmental Screening Form” (Attachment 1, Table 1) and the “Identification of Mitigation Plan” (Attachment 1, Table 2).

The Environmental Screening Form contains information relevant to the potential environmental impact over the life of activity to natural resource and communities, local planning permits, and environment and health. If items in the Environmental Screening Form (Attachment 1, Table 1) from Column “A” are checked then items for monitoring and mitigation are to be specified in the “Identification of Mitigation Plan” (Attachment 1, Table 2). The Mitigation Plan simply outlines the plan of action for mitigation of planned activities. The Mission Environmental Officer is to approve these forms, with special attention to those projects with identified impacts (i.e., projects with any check marks in Column A).

For reference on mitigation information on a wide variety of discrete activities, refer to the “USAID LAC Environmental Guidelines”. Illustrative sector-specific guidelines include: WHO guidelines for handling and disposal of medical waste, “Low-Volume Roads Engineering: Best Management Practices Field Guide (Keller and Sherar, 2003)”, the World Wildlife Fund Agriculture and the Environment handbook

III. Annual Environmental Mitigation Report

On an annual basis each implementing partner will submit an “Environmental Mitigation Report” (EMR) using the attached template (Attachment 1). The EMR contains information relevant to the potential environmental impact over the life of a discrete activity under an award and includes: A) a copy of the initial EMR completed during the initial project planning (reference section II above); B) the prescribed mitigation measures using the “Identification of Mitigation Plan (Attachment 1, Table 2)”; and C) synthesized data on these mitigation measures collected throughout the year and tracked in the Environmental Monitoring and Evaluation Tracking Table (Attachment 1, Table 3). As it is often difficult to quantitatively measure progress of complex mitigation measures, it is necessary to include inserted digital photos (with relevant maps) to describe progress of mitigation activities.

USAID Dominican Republic expects the IP to clearly demonstrate competence in implementing discrete activities using best management practices which most often will provide the additional benefit of environmental protection. As a review, environmental impact is based upon both the 1) underlying condition of the surrounding environment (e.g., sensitivity of the river, degree of slope and stability of soil) and 2) the nature of the activity itself (e.g., solid waste removal, road construction/rehabilitation). For example, it is logical when developing an EMR to cluster the mitigation measures those activities that are of a similar nature and have comparable underlying conditions (e.g., well rehabilitation in a peri-urban setting). It is also commonsense however that for those activities that are of similar nature (e.g., well rehabilitation), but operating under widely different underlying environmental conditions (e.g., peri-urban setting vs. upland plateau vs. coastal plain), that the environmental mitigation measures would not be completely clustered. In this specific case for example, protection of the water source from automobile oil contamination would be more relevant in a peri-urban setting while salinization would be more so in a coastal

plain. Further, there will simply be some mitigation measures for well rehabilitation that will be common across all wells (i.e., prevention of disease vector breeding sites and protection from human or animal waste contamination) and hence clustered in the EMR.

Sections of the EMR include:

1. EMR Coversheet
2. EMR Narrative (to be filled out with project specific information)
3. Annexes:
 - a. Environmental Screening Form (Table 1),
 - b. Identification of Mitigation Plan (Table 2)
 - c. Environmental Monitoring and Evaluation Tracking Table (Table 3).
4. Photos, Maps, Level of Effort

Originally Drafted: February 7, 2007; L. Poitevien (USAID/Haiti), M. Donald (USAID/Dominican Republics), E. Clesceri (USAID/Washington).
Revised for use in DR by M.Donald May 24, 2007.

**GUIDELINES FOR IMPLEMENTING PARTNERS ON THE USAID DOMINICAN
REPUBLIC ENVIRONMENTAL MITIGATION REPORT (EMR)**

Attachment 1:

I. COVERSHEET FOR ENVIRONMENTAL MITIGATION REPORT (EMR)

USAID DOMINICAN REPUBLIC MISSION SO # and Title:

Title of IP Activity: _____

IP Name: _____

Funding Period: FY_____ - FY_____

Resource Levels (US\$): _____

Report Prepared by: Name: _____ Date: _____

Date of Previous EMR: _____ (if any)

Status of Fulfilling Mitigation Measures and Monitoring:

_____ Initial EMR describing mitigation plan is attached (Yes or No).

_____ Annual EMR describing status of mitigation measures is established and attached (Yes or No).

_____ Certain mitigation conditions could not be satisfied and remedial action has been provided within the EMR (Yes or No).

USAID Dominican Republic Clearance of EMR:

Cognizant Technical Officer: _____ **Date:** _____

Mission Environmental Officer: _____ **Date:** _____

Regional Environmental Advisor: _____ **Date:** _____

II. Environmental Mitigation Report Narrative

Note: summary instructions are in italics and not to be included in the report, but rather should be filled out with project specific information)

Note: Outline to be included in the report is in bold.

1. **Background, Rationale and Outputs/Results Expected:**

Summarize and cross-reference proposal if this review is contained therein.

2. **Activity Description:**

Succinctly describe location, siting, surroundings (include a map, even a sketch map). Provide both quantitative and qualitative information about actions needed during construction, how intervention will operate and any ancillary development activities that are required to build or operate the primary activity (e.g., road to a facility, need to quarry or excavate borrow material, need to lay utility pipes to connect with energy, water source or disposal point or any other activity needed to accomplish the primary one but in a different location). If various alternatives have been considered and rejected because the proposed activity is considered more environmentally sound, explain these.

3. **Environmental Baseline:**

Describe affected environment, including essential baseline information available for all affected locations and sites, both primary and ancillary activities.

4. **Evaluation of Environmental Impact Potential of Activities (Table 2):**

As a component of the Identification of Mitigation Plan (Attachment 1, Table 2), describe impacts that could occur before construction starts, during construction and during operation, as well as any problems that might arise with restoring or reusing the site, if the facility or activity were completed or ceased to exist. Explain direct, indirect, induced and cumulative effects on various components of the environment (e.g., air, water, geology, soils, vegetation, wildlife, aquatic resources, historic, archaeological or other cultural resources, people and their communities, land use, traffic, waste disposal, water supply, energy, etc.). Indicate positive impacts and how the natural resources base will be sustainably improved.

For example, any activity that increases human presence in an area, even temporarily, will increase noise, waste, and the potential for hunting, timbering, etc.

5. Environmental Mitigation Actions (Tables 2 & 3) (this section is part of the annual EMR, but not the initial):

For each component of the program, list the mitigation measures in the Identification of Mitigation Plan (Table 2) and monitoring of these mitigation measures in the Environmental Monitoring and Evaluation Tracking Table (Table 3).

Describe status of complying with the conditions. Examples of the types of questions an IP should answer to describe "status" follow.

- 1) What mitigation measures have been put in place? How is the successfulness of mitigation measures being determined? If they are not working, why not? What adjustments need to be made?**
- 2) What is being monitored, how frequently and where, and what action is being taken (as needed) based on the results of the monitoring? In some situations, an IP will need to note that the monitoring program is still being developed with intent to satisfy the conditions. Alternatively, it could happen that the conditions cannot be achieved because of various impediments.**

III-A. Environmental Screening Form (Table 1)

Name of Activity: _____		Column A	Column B	Col C	
Type of Activity: _____		Yes	No	If answered yes to Col. A. is it a--?	
Grantee: _____				High Risk	Medium-Risk
Date: _____					
IMPACT ON NATURAL RESOURCES & COMMUNITIES					
1	Will the project involve construction ¹ of any type of structure (building, check dam, walls, etc)?				
2	Will the project involve the construction ² or repair of roads or trails?				
3	Will the project involve the use, involve plans to use or training in the use of any chemical compounds such as pesticides ³ (including neem), herbicides, paint, varnish, lead-based products, etc?				
4	Involve the construction or repair of irrigation systems?				
5	Involve the construction or repair of fish ponds?				
6	Involve the disposal of used engine oil?				
7	Will the project involve implementation of timber management ⁴ or extraction of forest products?				
8	Are there any potentially sensitive terrestrial or aquatic areas near the project site, including protected areas?				
9	Does the activity impact upon wildlife, forest resources, or wetlands?				
10	Will the activities proposed generate airborne gases, liquids, or solids (i.e. discharge pollutants)				
11	Will the waste generated during or after the project impact on neighboring surface or ground water?				
12	Will the activity result in clearing of forest cover?				
13	Will the activity contribute to erosion?				
14	Is the activity <u>in</u> compatible with existing land use in the vicinity?				
15	Will the activity contribute to displace housing?				
16	Will the activity affect unique geologic or physical features?				
17	Will the activity contribute to change in the amount of surface water in any body?				
18	Will the activity deal with mangroves and coral reefs?				
19	Will the activity expose people or property to flooding?				
20	Will the activity contribute substantial reduction in the amount of ground water otherwise available for public water supplies?				
21	Will the activity create objectionable odors?				
22	Will the activity violate air standard?				
LOCAL PLANNING PERMITS					
23	Does the activity e.g. infrastructure improvements require local planning permission(s)?				
24	Does the activity meet the national building code (e.g. infrastructure improvements)?				
25	Is the activity <u>in</u> compatible with existing land use?				

ENVIRONMENT & HEALTH					
26	Will the project activities create conditions encouraging an increase of waterborne diseases or populations of disease carrying vectors?				
27	For road rehabilitation as well as water and sanitation grants, has a maintenance plan been submitted?				
28	Will the activity generate hazards or barriers for pedestrians, motorists or persons with disabilities?				
29	Will the activity increase existing noise levels?				
30	Will the project involve the disposal of syringes, gauzes, gloves and other biohazard medical waste?				

¹ Construction projects need to be reviewed for scale, planned use, building code needs and maintenance. Some small construction projects, such as building an entrance sign to a park, may require simple mitigations whereas larger buildings will require more extensive review and monitoring.

² New construction of roads and trails will require a full environmental assessment of the planned construction.

³ The planned involvement of pesticides will trigger the need to develop a Supplemental Initial Environmental Examination that meets USAID pesticide procedures (Pesticide Evaluation Report and Safer Use Action Plan or "PERSUAP") for the project.

⁴ Any activities the involve harvesting trees or converting forests will require a full environmental assessment of the activity.

III-B. Identification of Mitigation Plan (Table 2)

→ Enter the Question/Row # of the potential negative impacts with check marks in Column A (Table 1) and complete table below for mitigation measures to reduce or eliminate the issue.

#	Sub-activity or component	Description of Impact	Mitigation Measures
1	Component 1		
2	Component 2		
3			
4			

* provide overview of measures used from the USAID LAC Environmental Guidelines or other pertinent guidelines, details on exact monitoring plan are illustrated in Table 3, Environmental Monitoring and Evaluation Tracking Table.

RECOMMENDED ACTION (Check Appropriate Action):

(CI)

(a)	The project has no potential for substantial adverse environmental effects. No further environmental review is required.	
(b)	The project has little potential for substantial adverse environmental effects, however the recommended mitigation measures will be incorporated in the activity design. No further environmental review is required.	
(c)	The project has substantial but mitigatable adverse environmental effects and required measures to mitigate environmental effects will be incorporated.	

- | | | |
|-----|---|--|
| (d) | The project has potentially substantial or significant adverse environmental effects, but requires more analysis to form a conclusion. An Environmental Assessment will be prepared. | |
| (e) | The project has potentially substantial adverse environmental effects, and revisions to the project design or location or the development of new alternatives is required. | |
| (f) | The project has substantial and unmitigable adverse environmental effects. Mitigation is insufficient to eliminate these effects and alternatives are not feasible. The project is not recommended for funding. | |

III-C. Environmental Monitoring and Evaluation Tracking Table (Table 3).

Type of Project:		
Project Name:		
Implementing Organization:		
Location Name:		
Project Size:		
Nearby Communities:		
Senior Project Manager:		Date:
Monitoring Period:		

#	Description of Mitigation Measure	Responsible Party	Monitoring Methods			Estimated Cost	Results	
			Indicators	Methods	Frequency		Dates Monitored	Problems Encountered
1							1	
							2	
							3	
							4	
2							1	
							2	
							3	
							4	
3							1	
							2	
							3	
							4	
4							1	
							2	
							3	



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INITIAL ENVIRONMENTAL EXAMINATION

<u>Activity Location:</u>	Dominican Republic
<u>Activity Title:</u>	Economic Growth
<u>Activity Number:</u>	517-008
<u>Life of Activity:</u>	FY 2007-2012
<u>Life of Activity Funding:</u>	\$ 90,000,000
<u>IEE Prepared by:</u>	Michael Donald, REA USAID/DR
<u>Date Prepared:</u>	July 6, 2007
<u>Recommended Threshold Decision:</u>	Categorical Exclusion; Negative Determination with Conditions; Deferral

1. Background and activity/program description

1.1 Purpose and Scope of IEE

This IEE covers the new strategy period until the end of FY2012 for Economic Growth activities. The examination will include activities for DR-CAFTA implementation under the Global Business Trade and Investment II IQC (GBTI), Rural Economic Diversification under the RAISE II IQC, and the Sustainable Tourism under the Global Sustainable Tourism Alliance (GSTA) cooperative agreement. An education component is also included to ultimately increase the economic growth of the country, namely to improve appropriate policy and curriculum reform to meet the educational needs of Dominican citizens.

1.2 Background

The USAID Dominican Republic Mission will embark on the new strategy period to reach through fiscal year 2012. The overall objective is to assist the Dominican Government expand the economic benefits of the trade agreement for the less advantaged through the effective

implementation of CAFTA-DR, the growth of small businesses, the protection of the country's environment and natural resources, and improvement in the quality of public primary education.

1.3 Description of Activities

The new strategy for the Economic Growth will borrow from the strengths of the last strategy and reposition the Mission approach to make DR-CAFTA implementation a centerpiece of economic growth, environmental stewardship, and rural economic diversification.

I. Effective CAFTA-DR Implementation (GBTI II)

A. Trade Policy

The implementation of the CAFTA-DR will expose the weakness of the DR government and private sector institutions to take full advantage of this free trade agreement. Greater transparency will be needed in customs procedures, protection of intellectual property rights, environmental standards, sanitary and phytosanitary regulations, fair trade practices and dispute resolutions, and for developing the tools for public tender of concessions in a transparent and efficient manner. The Mission's trade capacity building (TCB) policy agenda is focused on measures that will assist the country to fully capitalize on the potential benefits of CAFTA-DR and how to take advantage of the market possibilities and examine measures to mitigate the impact of the agreement on sectors negatively affected. Our policy initiatives aim to create an environment conducive to lowering the cost of doing business, enhance productivity and competitiveness, and attract local and foreign direct investment.

B. Environmental Policy

Protecting the environment and natural resources of the Dominican Republic is critical to its future economic growth and political stability and the well-being of its population. Getting local government, private business, non-governmental organizations (NGOs), and community-based organizations involved in effective compliance with the existing environmental laws and regulations is essential to achieve this objective.

USAID will use FY 2007-FY2012 funds to support local-level organizations to assist the Secretariat of the Environment to promote the protection of natural resources and biodiversity. The expected results in five years will be more effective decentralized compliance with the Dominican environmental law and Chapter 17 of CAFTA-DR, and greater protection of the country's natural resources, biodiversity, and protected areas.

Principal USAID short-term goals are to strengthen the country's compliance with its existing environmental laws, Chapter 17 of CAFTA-DR, and Multi-lateral Agreements (MEAs) including CITES; improve biological conservation through community-based micro-watershed management, sustainable tourism programs and environmental

protection services; and promote the sustainable management and conservation of critical protected areas. The long-term goal is to develop an effective decentralized system of community-based organizations to protect the country's natural resources, biodiversity, and protected areas.

Illustrative Activities Under GBTI II Mechanism:

- Formation of the Project Implementation Unit (PIU)
- Initial Baseline Assessment of the Dominican Institutional Capacity to implement fully CAFTA-DR
- Development of a five-year work plan with emphasis on the first year
- Strengthen Dominican institutional capacity to implement CAFTA-DR
 - Strengthen inter-institutional trade framework
 - Strengthen research and data capability
- More effective public-private dialogue on CAFTA-DR implementation

II. Increased Small Business Growth for Less Advantaged in an Environmentally Sustainable Manner (RAISE and GSTA)

Market-Driven Small Business Development/Linkage Programs, Cluster Activities (RAISE IQC) and Sustainable Tourism (GSTA)

CAFTA-DR implementation could cause setbacks for unprepared Dominican producers, processors, and related cluster members. USAID will provide assistance to support small business growth throughout the country by identifying market opportunities, providing training and technology transfers to help such businesses produce to the standards set by the markets, and facilitating linkages to appropriate financial institutions. Future EO resources over the next 5 years will be used to strengthen market linkage programs and expand competitive clusters, especially those that have viable market potential. Engagement of all stakeholders throughout the supply/value-chain in productive cooperation is essential. Creating new paradigms for how producers, processors, buyers, exporters, and retailers expand the benefits downstream will be a critical element of our future programs.

Achieving greater competitiveness and working in clusters that have a competitive advantage in a global free-market economy are key factors for the survival and growth of small and medium enterprises in the Dominican Republic. Consequently, USAID's goal will be to support small and medium firms in key clusters, such as non-traditional fresh and processed agricultural exports. This component will also provide support to small private firms who are interested in investing in clean production techniques and programs that protect the environment and natural resource base. As a result of the growth in the investment of these firms in an environmentally-friendly manner, not only will private investment and employment be increased, but water and air pollution and land erosion will be reduced.

Illustrative Activities:**Raise IQC**

- Cluster institutional Strengthening
- Provide commodity-specific assistance and market intelligence services
- Provide a systematic, market-driven technical support structure (including assistance in green house technologies)
- Help obtain financial assistance, including strategic infrastructure investments
- Rural diversification small grants to enhance agricultural market opportunities
- Development Credit Authority (DCA) agreements to expand clean agricultural production investments

GSTA Cooperative Agreement

- Small grants for environmentally-friendly sustainable tourism investments
- Fostering partnerships in tourist regions and national parks to enhance sustainable tourism and biodiversity protection
- Development Credit Authority (DCA) agreements to expand environmentally-friendly sustainable tourism investments

III: Improved Quality of Public Primary Education

Through USAID/DR activities, education quality (as measured by student achievement) will receive greater attention at both the central (Dominican Secretariat of Education) and local levels (schools and their communities). A demonstration of greater teacher effectiveness in basic skills instruction will serve as the entry point for an emphasis on educational quality. This assistance will contribute to improving Dominican Millennium Challenge Corporation (MCC) education indicators (Public Expenditure on Primary Education and Girls Primary Education Completion Rate) in order to continue to move the country towards Transforming status.

USAID resources will be used to improve and encourage appropriate policy and curriculum reform as well as human resource development to help the Dominican government meet the education needs of its citizens. The overarching goal is to increase competitiveness and future economic growth. These funds will focus on improving the quality of basic education, as measured by student achievement in reading and math, through programs that improve teacher training and effectiveness, school governance, transparency to fight corruption, and national capacity to implement education reform. In policy reform USAID will promote advocacy from civil society, private sector, communities and families for education reform. The approach will be to form local and national level advocacy groups such as parent-teacher associations and private sector steering committees.

Communities, including both the public and private sectors, will gain a greater appreciation of educational quality once they internalize what a vital role they play in improving overall school performance. These communities will begin to be accountable for the quality of education at

their local school and take on appropriate roles in school management as they become familiar with improved methodologies for local school governance. USAID will also continue to investigate and finance innovative education interventions for out-of-school youth as models to further refine ministry effectiveness with vulnerable populations. The long term goal is measurable improvements in student performance in public primary schools throughout the country.

Illustrative Activities:

- **Teacher Training: Math and Spanish Language Training in target schools and throughout the Dominican public primary school system.**
- **Improved School Governance to Promote Educational Quality: School principal and parent teacher association training in target schools and throughout the Dominican public primary school system.**
- **Reduced number of Out-of-School Youth in Target Communities: Innovative education intervention models for out-of-school youth to encourage vulnerable populations to stay in school and achieve academically.**
- **Small scale school building renovation.**

1.4 Locations Affected

Activities will take place throughout the Dominican Republic. Small scale school renovation will be within existing buildings of municipalities, continued support of small grants will be in small rural communities linked to the conservation of natural resources, energy, and sustainable agriculture.

1.5 National Environmental Policies, Procedures or Regulations:

The General Environment and Natural Resources Law (64-00) sets the guidelines for the national policy on environmental impact assessment (EIA). The regulation establishes the procedures to obtain an Environmental Permit, which is a mandatory administrative document for those projects or activities that need to have an approved Environmental Impact Assessment (EIA). Environmental Permits are required before new construction, rehabilitation, or expansion of a project. The approval of an Environmental Impact Study is a prerequisite to obtaining an Environmental Permit.

The Secretariat of Environment and Natural Resources (SEMARENA) has a simple guide for environmental impact assessments. The applicant fills out a form provided by the Sub-Secretariat of Environmental Management; the applicant is provided the terms of reference for the EIA that s/he in turn needs to conduct and submit for approval. Procedures are available at www.medioambiente.gov.do.

As the activities under this extension are mostly technical assistance and those that are not will follow an environmental screening process, it is expected that these projects will not meet this threshold requiring environmental permits.

2. Evaluation of Environmental Impact Potential

The environmental impact potential for pending efforts lies in the small grant activities; small scale school rehabilitation; agricultural activities that may involve small scale infrastructure, pesticides and/or irrigation; and DCA grants for infrastructure.

3.1 Recommended Threshold Decision and Conditions

Many activities implemented under the Economic Growth objective will not have any harmful effect on the natural or physical environment. These activities qualify for **Categorical Exclusion** according to Section 216.2(c)-(2)(i, iii, v, and xiv) of 22 CFR as (1) "Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)"; (2) "Analyses, studies, academic or research workshops and meetings"; (3) "Document and information transfers"; and (4) "Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc.)."

Based on the above, the Mission recommends that activities under activity 517-008 be given a **Negative Determination with Conditions**. However, the Team Leader will require use of the Environmental Monitoring Report (EMR) (attached) for the following activities: small grants; small scale school rehabilitation; agricultural activities that may involve small scale infrastructure; and DCA grants for infrastructure.

To ensure compliance with the USAID environmental regulation 22 CFR 216, the Implementing Partner (IP) is responsible for providing USAID Dominican Republic with an Environmental Mitigation Report (EMR) for projects falling under the Negative Determination with Conditions threshold decision. The EMR process is attached. The Implementing Partner shall ensure that appropriate environmental guidelines are followed, that mitigation measures described in the pertinent Threshold Decision for each of these activities are funded and implemented, including any necessary training or capacity building, and adequate monitoring.

Applicable best management practices to use within the EMR process can be found in the Environmental Guidelines for Development Activities in Latin America and Caribbean available at the following web site:

http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html

The Mission recommends a **Deferral** for any activity involving the purchase, use or training in the use of pesticides, for which an amendment will be required, pursuant to USAID's Pesticide Procedures 22 CFR 216.3(b)(1)(i)(a-l). An amendment is also required for any activity resulting in policy changes that have the potential to negatively affect the environment. Large scale irrigation and other activities not yet designed and therefore not described in this document are also deferred.

3.2 Mitigation, Monitoring and Evaluation

Once the Implementing Partner is chosen an initial EMR is submitted for approval by the Mission Environmental Officer before commencing activities. A format for this initial EMR is attached and includes an initial screening process (Table 1) to assure the project is at the Medium Risk Level (Negative Determination with Conditions). Potential Impacts and related mitigation measures (Table 2) are also identified per sub-activity.

At the end of each year of implementation the EMR is resubmitted with the same information as provided initially plus a component reflecting implementation and effectiveness monitoring of the identified mitigation measures.

The CTOs will be crucial in ensuring the Implementing Partners take this process seriously and comply. The importance must be emphasized with them. Support of the process from Mission Management and Team Leaders is crucial to success.

Approval: _____ **Date:** _____
 RICHARD GOUGHNOUR
 Mission Director
 USAID/Dominican Republic

Clearances:

EOT: DGreene: _____ **Date:** _____

MEO: OPeréz _____ **Date:** _____

REA: MDonald _____ **Date:** _____

PDO: SHoffmann _____ **Date:** _____

The CTOs will be crucial in ensuring the Implementing Partners take this process seriously and comply. The importance must be emphasized with them. Support of the process from Mission Management and Team Leaders is crucial to success.

Approval: _____


 RICHARD GOUGHNOUR
 Mission Director
 USAID/Dominican Republic

Date: _____

July 11, 2007

Clearances:


EOT: DGreene: _____



Date: _____

7/9/07

MEO: OPeréz: _____



Date: _____

7/9/07

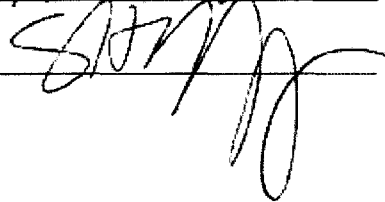
REA: MDonald: _____



Date: _____

7/9/07

PDO: SHoffmann: _____



Date: _____

7/10/07

GUIDELINES FOR IMPLEMENTING PARTNERS ON THE USAID ENVIRONMENTAL MITIGATION REPORT (EMR)

May 24, 2007

Attach Here